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SUBJECT: U.S.-EU TASK FORCE READOUT

Classified By: Marcie Ries

11. (SBU) SUMMARY The U.S.-EU Task Force covered a range of priority economic, political, and other issues during an April 27 meeting in Washington. The U.S. team was led by PDAS Ries and NSC Director Toby Bradley, and included other Department and interagency attendees. The EU team was led by the Czech Presidency, with Katerina Fialkova, Director of the American Department at the Czech Ministry of Foreign Affairs, Alan Seatter, North America Director for the European Commission, and Marek Grela, Americas Director for the General Secretariat of the Council, and other representatives of the Czech Presidency in attendance.

12. (SBU) Action Items:

-- Summit Preparation: Despite summit rescheduling, work should continue on Guantanamo, the Transatlantic Economic Council (TEC), climate change, Extradition and Mutual Legal Assistance Treaty (MLAT) ratification, the economic and financial crisis, energy security, Afghanistan/Pakistan, Middle East peace, Russia, the Eastern Partnership, piracy, development assistance, aviation liberalization, and the visa waiver program regardless of Summit scheduling. The Czechs proposed another Task Force meeting during their Presidency, suggesting a DVC in late June, after the European Council meeting.

-- Development Cooperation: Commission committed to provide a concept paper for U.S. comment; the paper could form the basis for informal discussions between U.S. officials and EU development ministers on May 18th in Brussels.

-- Energy and Climate: U.S. suggested that both sides exchange concept papers on a possible new format for a U.S.-EU energy dialogue and noted we are developing a response to Commissioner Piebalgs March 31 proposals. The Czech Presidency asked that this be done quickly, as energy is one of the priorities of their EU presidency.

-- Extradition and Mutual Legal Assistance Treaties: Czech Presidency inquired as to the best occasion to exchange the instruments of ratification, with the suggestion from the Council Secretariat that the margins of UNGA would offer high levels of visibility. The Czech Presidency asked that the U.S. offer its proposals for exchange of instruments by mid-May.

13. (SBU) NSC announced that the EU should look to the fall for the next U.S.-EU Summit, but both sides agreed that important work should not be delayed. The EU explained that a new Commission President will be nominated soon

after the June 4-7 European Parliament (EP) elections and confirmed by the newly elected EP in July. The new High Representative position will be selected by the European Council President, with the approval of the Commission President. Ambassador Richard Morningstar raised the idea of a U.S.-EU senior-level dialogue on energy and climate change issues and PDAS Ries suggested we exchange concept papers with the EU. On the issue of Afghanistan election monitors, the Commission representative said he was looking at a "range of options" concerning security for the election monitors, and that owing to NATO-EU cooperation problems, the EU may pursue bilateral security agreements with countries that have a significant military presence in Afghanistan, including the United States. RELEX Commissioner Ferrero-Waldner will make a recommendation to Member States in early May on fielding a monitoring mission. The EU is ready to consider an EU-Pakistan Free Trade Agreement, but emphasized that its practical benefit to Pakistan would be political, not economic.

14. (SBU) Concerning Guantanamo detainees, in order for the EU to approve a framework that endorses Member State decisions to settle low-threat detainees, the EU expects that the U.S. and the EU will conclude a joint political statement (vs. legally binding) of some kind, eschewing future Guantanamo-like situations and that some of the released detainees will be settled in the U.S. The EU expects a "conclusion" by the June GAERC. Regarding the Eastern Partnership Summit, Czech Foreign Minister Schwarzenberg told Lukashenko during a one-on-one meeting that he is not welcome to the May Summit and if he tried to come to Prague, he would not be issued a visa. There was an agreement that the EU would provide a concept paper on a possible U.S.-EU development dialogue, providing the basis for informal discussions between U.S. officials and EU development ministers on May 18 in Brussels. Other issues discussed were the TEC, the Air Services Agreements, Buy American implementation, biotechnology, MLAT/extradition treaty, Iran, Burma, Balkans, Ukraine, Georgia, and Russia. The Czechs proposed another Task Force during their Presidency, suggesting a DVC in late June, after the European Council meeting. END ACTION ITEMS AND SUMMARY.

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EU Institutional Issues
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15. (U) EU representatives explained that European Parliamentary elections will take place on June 4-7 across the 27 member states. The current European Parliament (EP) will have its last plenary session in the first week of May then the campaign will begin. There will be 736 members in the new Parliament but if the Lisbon Treaty (LT) enters into force, the number will be raised to 754. The new Parliament is expected to have its first session in the second week of July.

16. (U) The new President of the Commission will be nominated without delay after the EP elections. According to Lisbon, the EP election results should be taken into account during the nomination. The number of Commissioners will not be known at the time of the President's nomination, since if Lisbon enters into force, the "one country one Commissioner" practice will continue for the time being. (Under the Nice arrangements, the number of Commissioners should be reduced by 2009.)

17. (U) Concerning the pending Czech ratification, the Presidency representative pointed out that the Lisbon Treaty was approved in the Lower Chamber of the Czech Parliament, and she did not foresee any complications with the President signing it, which probably will happen after the Irish referendum.

18. (U) With the Treaty entering into force, the permanent President of the European Council should also be

appointed, as well as the High Representative for Foreign Affairs and Security Policy. The latter will be appointed by the European Council with the agreement of the Commission President.

U.S.-EU Summit Preparations

¶9. (SBU) Bradley informed the EU that while a final decision from National Security Advisor Jones was pending, the United States was looking toward a fall U.S.-EU Summit instead of one in June. While the traditional June date will still hold for future summits, this year's extraordinary Prague meeting, and the need for the new Administration to complete policy reviews in key areas, pushed the summit schedule to the fall. Both the U.S. and the EU agreed that important work should not be delayed because of this postponement and flagged Guantanamo, the Transatlantic Economic Council (TEC), climate change, and the Mutual Legal Assistance Treaty (MLAT) ratification, the economic and financial crisis, energy security, Afghanistan/Pakistan, MEPP, Russia, the Eastern Partnership, piracy, development assistance, aviation liberalization, and the visa waiver program as issues for more immediate action. Fialkova said she would report this to the member states, and discuss it with Sweden (incoming Presidency). Seatter stressed the importance of determining objectives, organization methods, and timing in relation to these priority topics.

Transatlantic Economic Council (TEC)

¶10. (SBU) Ries noted that Commissioner Verheugen and Deputy National Security Advisor Froman would meet later in the week to discuss the TEC. The U.S. places a great deal of importance on stakeholder meetings and advisory groups, as they signal the transparency of the process. Seatter affirmed the importance of the TEC in moving toward a better transatlantic market, less constrained by trade barriers. He emphasized that the EU did not want the TEC to become bogged down in technical work and stressed the importance of improving EU stakeholder involvement in the TEC process. Fialkova underlined the importance and usefulness of the TEC and stressed the positive impact that a TEC meeting could have on the Czech presidency. Bradley commented that both the U.S. and the EU need to take stock of current processes and necessary improvements to best move forward when Deputy National Security Advisor Froman decides upon the date of the next TEC meeting.

Air Services Agreement / FAA Re-authorization Bill

¶11. (SBU) Seatter asked the Administration to help the EU by opposing provisions in the FAA Re-authorization bill (HR 915) now pending before Congress. The "Air Carrier Citizenship" and "anti-trust immunity" provisions of the proposal would limit the scope and jeopardize the current U.S.-EU Air Services Agreement. A section of the bill on "foreign repair stations" could nullify a recently signed agreement on aviation safety. Jonathan Kessler (EUR/ERA) emphasized that while the U.S. understands the position of the EU, the Administration has not yet taken a position on the issue. Megan Walket-Tighe (EEB/TRA) added the fact that the legislation is stalled.

Implementation of "Buy American"

¶12. (SBU) Mark Vanheukelen (DG RELEX) stated his concerns about the Buy American provisions of the American Recovery and Reinvestment Act (ARRA): 1) U.S. states that do not

abide by the WTO Government Procurement Agreement (GPA) may rely on a stricter interpretation of the "Buy American" provisions; 2) the bill's "Buy American" provisions will migrate into other types of legislation; and 3) general concerns that the market will become less open. In response, David Weiner (USTR) explained that while some states and local governments don't have obligations under the GPA, there is awareness throughout government that protectionism can be counterproductive. According to Weiner, the concern about migration of "Buy American" provisions to other legislation is shared by the U.S. Administration, and when proposals in Congress have appeared to discriminate against foreign firms, the Administration has consistently reminded Congress of U.S. international obligations. He assured the EU that the U.S. procurement market will remain open. Vanheukelen specifically asked about migration of funds into the Water Quality Investment Act, a question that Weiner said he would refer to his USTR colleagues who had participated in exchanges related to the Act.

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Biotechnology
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¶13. (SBU) Ries indicated her disappointment in both the German ban against MON810 maize and the Commission's unwillingness to challenge the decision. Jack Bobo (EEB/TTP) noted that bans send negative messages to the public and potentially hinder the adoption of the technology by developing nations who follow the lead of the EU. Weiner noted that the debate on biotech raised broader concerns about the role of scientific analysis in regulatory decision-making. The United States was concerned that qualified, credible scientific advice was often not being heeded by EU member states. Seatter stated the EU was completely committed to 1) a scientific approach in matters of food and consumer safety, 2) an independent and credible advisory agency system, and 3) consumer confidence in said system. He also said the EU will not give up on biotech products and does not agree with the safeguard measures invoked by its member states. When Seatter spoke of progress made in biotech product approval processes and timeframes, Bobo countered, stating that the best measure of progress is increased trade and that in recent years there have been fewer biotech product approvals and decreased trade in biotech products.

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U.S.-EU Development Cooperation
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¶14. (SBU) Ries indicated U.S. interest in increasing coordination of U.S. and EU development efforts, with Bradley adding that President Obama is interested in the concrete outcomes of such cooperation. U.S. and EU interests coincided in the areas of food security, aid effectiveness, regional economic integration in Africa, and coordination in Afghanistan and Pakistan. Vanheukelen mentioned the possibility of revitalizing the defunct High Level Consultative Group on Development as a vehicle for development cooperation and dialogue. Vanheukelen committed to provide a concept paper for U.S. comment, providing the basis for informal discussions between U.S. officials and EU development ministers on May 18th in Brussels.

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U.S.-EU Energy & Climate Cooperation
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¶15. (SBU) Special Envoy for Eurasian Energy Richard Morningstar outlined his vision of U.S.-EU energy cooperation, noting the need to take a broad-gauged approach to European energy security, defined as not just the Nabucco pipeline and the Southern Corridor, but also interconnectivity, conservation and efficiency. He also noted the need draw the linkages between energy security

and climate change to broaden the constituency within Europe on energy security issues and to ultimately help mitigate the negative impacts of energy dependence.

¶16. (SBU) Ambassador Morningstar proposed exploring the possibility of a cabinet level U.S.-EU energy dialogue, which could include working groups on specific issues. This would be done in conjunction with the Department of Energy (DOE) and would not include climate change negotiations. Seatter noted the past mismatch between U.S. and EU interests on energy and the negative impact on the U.S.-EU energy dialogue. He said that a broader dialogue at a higher level would be positive, suggesting we build on the existing working groups. Both Morningstar and Seatter agreed that any eventual dialogue should include ongoing scientific and technical collaboration between the U.S. and EU on energy, as well as DOE's work with both DG Research and DG TREN. Morningstar and Seatter both noted the need for a variety of working groups on specific issues, including cooperation on third-country energy issues, e.g. China, India, and Russia. Seatter agreed, pointing to the example of working with China on carbon capture and storage (CCS). Seatter added that working groups could set specific objectives, such as a joint research call on a certain topic by a set date, and then the higher-level group could take note and force progress as appropriate.

¶17. (SBU) Ries suggested that we exchange concept papers on a potential new format for a U.S.-EU energy dialogue and noted we are developing a response to Commissioner Piebalgs March 31 proposals. The Czech Presidency was pleased and asked that this be done quickly, as energy is one of the priorities of their EU presidency.

¶18. (SBU) Seatter added that the regulatory framework for applying CCS to coal power generation needs cooperative work. He repeated his call for working groups to review specific areas, and noted past problems moving forward on biofuels and energy-efficient buildings.

¶19. (SBU) Ries said the U.S. understands the EU is interested in further discussions on biofuels and greenhouse gas emissions. She said we expect the release soon of the draft EPA Notice of Proposed Rulemaking on greenhouse gas emissions reductions from biofuels. Once that is released, our experts will renew discussions with EU counterparts.

¶20. (SBU) On climate, both sides noted their negotiators were currently in discussions in the Major Economies Forum on Energy and Climate (MEF). Seatter said the EU felt there had been a good discussion with the President in Prague on climate, and the EU welcomed forthcoming U.S. legislation as well as the announcement of long-term emissions reduction targets. He expressed the EU's concern over the path to the long-term target, and said this path should be a tool to mobilize other partners, including in the MEF.

¶21. (SBU) Seatter reiterated the EU's call for U.S.-EU discussions on linking carbon markets, adding the rationale that setting a uniform carbon price would be essential to ensuring the adoption of carbon capture and storage in power generation from coal. U.S. replied that we are awaiting climate legislation.

¶22. (SBU) Seatter added that on the question of financing to assist developing countries, neither side has yet put anything concrete on the table, and there is the question of when to do so. We promised to convey this to U.S. climate negotiators.

¶23. (SBU) Fialkova emphasized the urgency of this issue, highlighting that the Czech Presidency wished to have it concluded by June. Neither Belgium nor Greece has completed its ratification procedures, and while it appeared that Belgium could be completed by the end of May/early June, the case in Greece is more difficult, as the Speaker of the Parliament will not move forward until requested to do so by the Greek Minister of Justice, who has not yet formally requested Parliament to take action. (Comment: Embassy Athens and L/LEI are in direct discussions with Greek MFA and MOJ legal advisors to resolve the problem. End comment.) Fialkova inquired as to the best occasion to exchange the instruments of ratification, with the suggestion from Grela that the margins of UNGA would offer high levels of visibility. Fialkova asked that the U.S. offer its proposals by mid-May.

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Guantanamo Detainees
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¶24. (SBU) Ries emphasized how much the U.S. appreciated EU public support in our efforts to close the Guantanamo detention facility. She asked that the EU to make a decision by June so that the Administration can move forward with the relocation of cleared detainees. Ries also asked for details of a proposed MOU with the U.S. on detainee resettlement. Fialkova said the EU was very focused on the importance of information sharing between member states. A number of states had discussed the importance of an informal agreement with the United States and added the June summit would have been the ideal time to conclude this. The EU said 1) the underlying policy issues must be addressed to ensure Guantanamo is not replicated in other locations and 2) they (EU) expect the U.S. to accept some detainees. They also added the Commission/Council/member states were no longer advocating the MOU proposal, but instead a political rather than a legal agreement that would created an "enabling environment" for accepting detainees. The Czech Presidency said the goal was to have a conclusion at the June GAERC.

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Iran
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¶25. (SBU) Ries stressed the need to maintain pressure on the Iranians as an essential part of our two track strategy. Grela agreed, saying that the U.S. and the EU should also work closely with the Chinese and the Russians to add to this pressure. Ries said it was important for the Iranians to receive an unambiguous signal both the U.S. and the EU. Fialkova noted that the U.S. and the EU should also pay attention to the Iranians' unhelpful conduct in the Middle East region as well as their human rights problems, such as the detention of American journalist Roxana Saberi. Bradley said the U.S. was committed to a diplomatic approach. He noted that it would permit greater negotiating space if both the EU and EU member states demonstrated readiness to take tougher measures against Iran in areas such as Iranian banking to sharpen the choice for Iran. Vanheukelen asked for elaboration of Secretary Clinton's recent testimony before the House Foreign Affairs Committee in which she said Iran would face "crippling sanctions" if it did not comply with its international obligations. Ries said our approach was under review, but suggested it would be valuable to bring U.S. and EU experts together to promote an exchange of ideas on this topic.

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Afghanistan/Pakistan
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¶26. (SBU) The U.S. thanked the Commission for recent announcements of new assistance for Afghanistan and

Pakistan, pressed the EU to deploy a robust mission to monitor Afghanistan's August 2009 elections, urged EUPOL to expand to 400 officers soonest, and encouraged the EU to conclude an EU-Pakistan FTA. The Commission responded with three points. 1) In Pakistan, the operative question is quality of aid, not quantity. The GoP's capacity to deliver aid is even worse than the government of Afghanistan. A proposed World Bank trust fund for Pakistan aid would improve accountability. 2) The EU is ready to consider an EU-Pakistan Free Trade Agreement, but emphasized that its benefit to Pakistan would be political, not economic, as EU-Pakistan tariffs are already low. Facilitating Indo-Pak trade is the real key. 3) An assessment team to judge the feasibility of an August 2009 EU election monitoring mission for Afghanistan has just returned from the region. The security situation in Afghanistan looks precarious, and EU monitors will require more formal security agreements from international forces than those used previously. The EU could seek a formal security arrangement with NATO, or could seek arrangements with national militaries on a bilateral basis. Commissioner Ferrero-Waldner aims to recommend a course of action to member states by early May.

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Balkans
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¶27. (SBU) Fialkova reported that European integration has been the recent focus of EU engagement in the Western Balkans, stressing that the economic crisis must not be used as an excuse for delay. Macedonian presidential elections this spring were quite positive, she noted, so the only outstanding issue ahead of formal accession negotiations with Skopje is resolution of the name issue with Greece. Progress on Croatia's negotiations remains frozen due to its border dispute with Slovenia, however, with no date currently scheduled for the twice-delayed Intergovernmental Conference (IGC) accession talks. The Commission's formal review of Montenegro's membership application should be delivered in 2010, while Albania is expected to submit its membership application when PM Berisha visits Prague on April 28. Serbia's situation remains "a bit of a challenge," due to its lack of full compliance with ICTY requirements. Improvement of the social situation remains the key to progress in Kosovo, she noted. The EU is still looking for progress on the "5 plus 2" benchmarks for closure of OHR in Bosnia, and while constitutional reform is not a formal element of the 5 2, it will be an important part of BiH progress towards the EU. Ries pressed the EU for more political outreach and increased visibility of the EULEX mission, especially in northern Kosovo. Discussion of "practical issues" with Belgrade will also need to respect Pristina's redlines, i.e. no presumption of UN participation in meetings. The U.S. remains deeply committed to Bosnia and supports transition from OHR to an enhanced EU Special Representative office once the benchmarks are completed, she stated. European integration has been a key tool for promoting stability and reform in Europe, so we encourage the EU to avoid "enlargement fatigue" and work to excise bilateral disputes from the accession process to keep prospects for membership credible.

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Burma
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¶28. (SBU) Fialkova announced that EU FMs had just decided at that morning's GAERC meeting to extend EU sanctions on Burma for one year and added that sanctions will also be discussed at the May 25-26 Asia-Europe Meeting (ASEM) gathering of FMs in Hanoi. The EU remains very concerned about the human rights situation in the country, she added. Ries expressed appreciation for the good news on the sanctions renewal and repeated our continuing concerns about the situation on the ground. Seatter noted that the

European Commission had joined forces with the UK and Australia to develop proposals to demonstrate support for the Burmese population and prove "there is something useful we can do."

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Ukraine
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¶29. (SBU) At the lunch session, Ries stressed the importance of aligning U.S. and EU messages to Ukraine, especially the need for the GoU to avoid political games as well as seriously undertake the IMF-mandated reforms. All sides have engaged extensively in the blame game,⁸ but they need to realize they are not yet out of the woods despite delivery of the second tranche of funds and still have much to lose. UMB Deputy Director Colleen Hoey said we will need to closely watch developments following the April 29 meeting of PM Tymoshenko and PM Putin. Fialkova stated that social and economic issues, as well as supporting good governance, will be the focus of Ukraine's participation in the EU's Eastern Partnership, to be formally launched on May 7 in Prague. Seatter reported that the Commission had offered Ukraine a comprehensive "FTA-type" arrangement similar to what would be required for EU membership, providing a more enticing offer than what can be offered under the current European Neighborhood Policy. EU accession remains a long way off for Ukraine, he stressed, and the EU is not in any position to offer such a destination.

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Russia
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¶30. (SBU) Ries praised the good start to the Administration's effort to reboot relations with Moscow, noting our satisfaction with the first round of START talks in Rome last week. FM Lavrov will visit Washington next week to meet with Secretary Clinton in advance of the US-Russia summit in Moscow planned for early July. RUS Director Sam Watson reported that we are working with the Russians on developing an action plan for relations, as both sides are looking for a more formalized architecture - perhaps something led by Secretary Clinton and FM Lavrov which could expand, when appropriate, to cover economic issues. Bradley noted that we need to focus on setting the proper tone for the relationship in advance of the summit, and much hard work remains ahead across a broad spectrum of issues. Fialkova stated that the EU was also in the process of reviewing relations with Russia, admitting that different ideas persist within the EU on how to proceed. Seatter added that the Commission's two key issues with Russia are WTO accession and creating a more open investment climate, particularly for energy. Grela cautioned that the current financial crisis may not be the best time to move ahead with Moscow on WTO accession, and we should not expect much flexibility from the Russians on economic issues. Ries emphasized that while the U.S. will be ready to engage at the proposed informal OSCE Ministerial in Corfu in June, the Russians have not put much on the table yet to discuss. She added that we remain quite satisfied with the European security institutions, but are open to discussing improvements to the OSCE.

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Georgia
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¶31. (SBU) Ries pushed for maintaining international monitors in Georgia, but noted that developments on extending the OSCE mandate are not encouraging and time is running out. CARC Director Baxter Hunt stressed that our redlines for extension of the mandate remain Georgian territorial integrity and free movement across borders; the Russian proposal for two separate missions would clearly not meet these. Extension of the UNOMIG mandate,

set to expire in June, will similarly require significant negotiations with Moscow. The EU Monitoring Mission (EUMM) remains very valuable, and we encourage its extension beyond September. "The more eyes, the better," Ries noted. Grella noted that renewal of the EUMM mandate is under discussion, but added he expects it will continue due to the political importance of the mission. Fialkova expressed full agreement with U.S. emphasis on sovereignty and territorial integrity, and expressed relief that the recent demonstrations in Tbilisi have passed largely without incident. Seatter stated that the Commission has had trouble attaching benchmarks to assistance to Georgia, as the GoG has resisted such moves despite Commission views that they are important to restoring credibility. Hunt expressed support for benchmarking assistance, adding that FM Vashadze told the Secretary last week that the GoG appreciates the U.S. push on this and the linkage of assistance to consolidating democratic reforms. While EU and U.S. aid can make a big impact in a small country like Georgia, Hunt noted, the country still has big needs, especially as negative economic growth sets in this year.

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Moldova and Belarus
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¶32. (C) Fialkova expressed EU concern with the situation in Moldova following the violent post-election demonstrations earlier this month. Czech PM Topolánek traveled to Chisinau April 22 to convey to the GoM that if Moldova wants a European perspective, this is certainly not the way to achieve it. She also reported that the EU is close to finalizing a new mandate with Moldova on a new Partnership and Cooperation Agreement as well a migration agreement. Ries noted our concern with the rough treatment of protestors and journalists following the demonstrations and stressed that we both need to be strong in pressing the issue with the GoM. Fialkova reported that the Czech Republic had invited Belarus "not/not President Lukashenka" to the May 7 Eastern Partnership summit in Prague; she stressed the invitation letter was addressed to Lukashenka only as an administrative necessity. Czech FM Schwarzenberg delivered the invitation to Lukashenka during their April 17 one-on-one meeting in Minsk, telling him he would not be welcome at the summit and would be refused a visa to travel to Prague should he decide to apply. Despite the split among Member States on Lukashenka's participation in the Summit, Fialkova noted that the EU agrees on the need to engage with Belarus on the Eastern Partnership and avoid any "collective punishment."

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